



ARKANSAS INSURANCE DEPARTMENT

ACCOUNTING DIVISION
1200 WEST THIRD STREET
LITTLE ROCK, AR 72201-1904
PHONE (501) 371-2605
<http://www.arkansas.gov/insurance/>

**PREMIUM TAX INSTRUCTIONS FOR
HEALTH MAINTENCE ORGANIZATIONS**

READ THESE INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE FORM

DUE DATE: MARCH 1, 2005

EACH INSURER MUST FILE THE FOLLOWING:

1. 2004 FORM AID AC HMO-T (ANNUAL REPORT OF PREMIUMS, CO-PAYMENTS, TAXES AND FEES); WITH SUPPORTING DOCUMENTATION AND CHECK ATTACHED
2. 1 COPY OF UNDERWRITING & INVESTMENT EXHIBIT, PART 1
3. 1 COPY OF ARKANSAS DIRECT BUSINESS PAGE
4. 1 COPY OF SCHEDULE T (MUST BE REPORTED IN DIRECT WRITTEN PREMIUMS)

All tax filings and payments must be received on or before **March 1, 2005**; the Department does not accept the postmark date. No authority exists for granting any extension of time for filing or payment. Any insurer that fails to report or pay tax will be subject to penalty in accordance with ACA 26-57-607.

For questions concerning the completion of tax forms, contact the Accounting Division at (501) 371-2605 or email us at insurance.accounting@arkansas.gov

Do not mail the premium tax forms and checks with the annual statement or any other correspondence. Premium tax forms and payments must be mailed to the following address:

**Arkansas Insurance Department
Accounting Division
1200 West Third Street
Little Rock AR 72201-1904**

**THE FOLLOWING FORMS ARE TO BE RETURNED TO THE ADDRESS NOTED ON EACH FORM.
DO NOT INCLUDE WITH THE PREMIUM TAX FILINGS:**

CORPORATE FRANCHISE TAX:	Remit to the Office of Secretary of State, Attention: Charlotte Martin, 1401 Capitol Ave., Victory Bldg., Suite 250, Little Rock AR 72201.
2004 MANDATORY ARKANSAS COMPREHENSIVE HEALTH INS POOL (CHIP)	This form can be downloaded at www.arkansas.gov/insurance/ scroll down and click on Arkansas Comprehensive Health Ins Pool. If you have any questions, direct inquires to (501) 370-2659. Mail to the address on the form.

FOR QUESTIONS REGARDING THE DEPARTMENT OF HEALTH FILING REQUIREMENTS AND FEES, DIRECT INQUIRES TO (501) 661-2201. DO NOT INCLUDE ANY OF THE FORMS/FEES FOR THE DEPARTMENT OF HEALTH WITH YOUR PREMIUM TAX FILINGS.

INSTRUCTIONS FOR AID AC HMO-T (Annual Report Of Premiums, Co-Payments, Taxes, And Fees)

SECTION A: DIRECT WRITTEN PREMIUMS

A(6): STATE OF DOMICILE TAXES/FEES § 23-63-102

All entries in this section must be itemized with supporting documentation and computations, if applicable. Forms from the State of Domicile should be used for computations. Documentation such as “other fees” or “other credits” is not acceptable.

A(7): If your state of domicile imposes a minimum tax, enter that amount in column 2.

SECTION F: Information regarding the Arkansas credits

Life and/or Health Insurers and Health Maintenance Organization Salary Offset § 26-57-604

Companies licensed to write accident and health insurance may take a credit for noncommissioned salaries and wages of the insurer’s Arkansas employees as an offset against the 2.5% tax on accident and health premiums. The offset may not reduce tax due on accident and health premiums by more than 80%. The criteria for the credit are in Schedule IC-PT, (page 3 of AID AC HMO-T annual report of premiums, co payments, taxes, and fees).

Arkansas Comprehensive Health Insurance Pool § 23-79-507

The CHIP administrator will issue a notice of the available credit. Questions regarding the credit should be directed to the CHIP office at (501) 370-2659.

Affordable Neighborhood Housing Tax Credit §§ 15-5-1303, 15-5-1304

Insurers that perform affordable housing assistance activities may take a premium tax credit for up to 30% of the total amount invested and not to exceed \$750,000 in any taxable year. Program must meet standards of and be approved by Arkansas Development Finance Authority.

Low-Income Housing Tax Credit § 26-51-1702

Insurers are allowed a state income or premium tax credit equal to 20% of the federal low-income housing tax credit not to exceed \$250,000 in any taxable year. The credit is available for insurers that own an interest in a qualified project for which the Arkansas Development Finance Authority has issued an eligibility statement.

County or Regional Industrial Development Corporation or Limited Liability Company § 15-4-1224

Insurers may take a premium tax credit for investments in a county or regional industrial development firm. The credit is equal to 33.33% of the actual purchase price of stock or units of interest and fees paid (with limitations). The maximum credit in one tax year is 50% of the net premium tax liability. Excess may be carried forward for three years.

Capital Development Corporation Tax Credit §§ 15-4-1026, 15-4-1029(f)(1)

Person who purchases an equity interest in a capital development company between 2003 through 2013 is entitled to a credit against any state income tax liability or premium tax liability, which may be imposed on the purchaser for any tax year commencing with the tax year, which is two years after the date of the purchase. The credit shall be equal to thirty-three and one-third ($33\frac{1}{3}$) of the actual purchase price paid for the equity interest to the company, including any fees or commissions to underwriters or sales agents paid by the company. No fees or commissions in excess of fifteen percent (15%) of the total purchase price may be considered in calculating the amount of the credit. In any one-tax year, the credit shall not exceed fifty percent (50%) of the net state income tax liability or premium tax liability of the taxpayer after all other credits or reductions in tax have been calculated. No credit under this section is allowed for any tax year after December 31, 2019. Upon dissolution, if the proceeds from the purchase of the equity interest have not been used for the purposes stated in § 15-4-1016 or for operating expenses, then each person who previously claimed a tax credit with respect to that purchase, the tax imposed for the year the dissolution occurs shall be increased by the tax credit amount associated with the unused purchase proceeds.

SECTION I:

The amount of quarterly prepayments must agree with the ACTUAL prepayment amounts paid each quarter.
DO NOT ROUND AMOUNTS.

Make one check payable to the State Treasurer of Arkansas and attach to the form. Checks for groups are not acceptable. Payment must be made for each individual company.

REFUNDS:

If a negative amount results, it cannot be carried forward. A refund will be processed after the audit is completed.

If a refund is due for AID AC HMO-T (annual report of premiums, co-payments, taxes, and fees) check the line on page 1, in the upper right-hand corner of the form.



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LITTLE ROCK, AR 72201-1904
PHONE: (501) 371-2605
www.arkansas.gov/insurance/

ACCOUNTING DIVISION
DUE MARCH 1, 2005

___ ORIGINAL FILING
___ AMENDED FILING
___ REFUND DUE

**ANNUAL REPORT OF PREMIUMS, CO-PAYMENTS, TAXES AND FEES
OF ALL HEALTH MAINTENANCE ORGANIZATIONS**

STATE OF DOMICILE		NAIC COMPANY CODE (5 digit code)	
COMPANY NAME			
MAILING ADDRESS			
CONTACT PERSON			
TELEPHONE NUMBER		EXT	FAX NUMBER
EMAIL ADDRESS			

READ INSTRUCTIONS CAREFULLY BEFORE COMPLETING FORM

**COLUMN 1
ARKANSAS TAX**

**COLUMN 2
RETALIATORY TAX**
State of Domicile tax on Arkansas Insurer.
TAX RATE _____

A. COMPUTATION OF PREMIUM TAX

Underwriting and Investment Exhibit, Part 1, Column 1.

1. Direct Written Premiums and Co-payments	\$ _____	\$ _____
2. Less Federal Employees Health Benefits Plan	\$ (_____)	\$ (_____)
3. Less HCFA Payment	\$ (_____)	\$ (_____)
4. Net Taxable Premiums	\$ _____	\$ _____
5. Tax 2 1/2 %	\$ _____	\$ _____
6. Additional Taxes/Fees From State of Domicile	<u>\$XXXXXXXXXXXXX</u>	\$ _____
7. PREMIUM TAX DUE	\$ _____	\$ _____
AMOUNT CANNOT BE LESS THAN ZERO		

B. FEES: DUE ARKANSAS INSURANCE DEPARTMENT

8. Filing Annual Statement	\$ <u>50.00</u>	\$ _____
9. Certificate of Authority Renewal	\$ <u>100.00</u>	\$ _____
10. Total Fees	\$ <u>150.00</u>	\$ _____

C. ARKANSAS DEPARTMENT OF HEALTH FEES

11. DO NOT PAY WITH THIS FORM REMIT TO ARKANSAS DEPT OF HEALTH (501) 666-2201	\$ <u>550.00</u>	
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D. AGGREGATE LIABILITY OF TAXES AND FEES

12. For Calendar Year 2004 without deduction of prepayments A(7)+B(10)+C(11)	\$ _____	\$ _____
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NAIC_____

COMPANY NAME_____

2004 FORM AID AC HMO-T

CALCULATION OF NET PAYMENT DUE:**E. BASED ON SECTION D, LINE 12, MARK THE COLUMN WITH THE GREATER AMOUNT**COLUMN 1 - ARKANSAS ☐COLUMN 2 - STATE OF DOMICILE ☐

USING THE AMOUNTS FROM THE COLUMN MARKED, COMPLETE THE FOLLOWING:

13. PREMIUM TAX FROM SECTION A, LINE 7 \$_____

F. CREDITS14. Arkansas Salaries Credit (Schedule IC-PT)
NOT TO EXCEED 80% OF SECTION A(5) \$(_____)

15. AR Comprehensive Health Ins. Pool (CHIP) Credit \$(_____)

16. Affordable Neighborhood Housing Credit \$(_____)

17. Low-Income Housing Tax Credit \$(_____)

18. **SUBTOTAL** E(13) LESS 14 THRU 17 \$_____

19. County & Regional Industrial Development Corp Credit \$(_____)

20. Capital Development Corporation Tax Credit \$(_____)

G. NET PREMIUM TAX21. F(18) LESS 19, 20
AMOUNT CANNOT BE LESS THAN ZERO \$_____**H. FEES**

22. ENTER AMOUNT FROM SECTION B(10) \$_____

I. PREMIUM TAX AND FEES DUE

23. G (21) + H (22) \$_____

24. Less 2004 quarterly prepayments (from below) \$(_____)

25. NET PAYMENT DUE \$_____

2004 FORM AID AC EST-Q Prepayments

3/31/04	check #	\$
6/30/04	check #	\$
9/30/04	check #	\$

*****PAYMENTS AND REFUNDS*****

- 1. MAKE CHECK PAYABLE TO THE STATE TREASURER OF THE STATE OF ARKANSAS AND ATTACH TO THIS FORM.**
CHECKS FOR GROUPS ARE NOT ACCEPTABLE. PAYMENT MUST BE MADE FOR EACH INDIVIDUAL COMPANY.
- 2. DO NOT TAKE ANY CREDITS FOR PRIOR YEAR OVERPAYMENTS.**
- 3. IF THE NET PAYMENT RESULTS IN A REFUND, DO NOT SEND A PAYMENT FOR THE FEES .**
- 4. REFUNDS WILL BE SENT AFTER THE RETURN IS AUDITED.**

SCHEDULE IC-PT

LIFE AND /OR ACCIDENT AND HEALTH INSURERS AND HEALTH MAINTENANCE ORGANIZATION SALARY ANNUAL OFFSET

Each authorized life or accident and health insurer, including an HMO, may take an annual credit for non-commissioned salaries and wages of the insurer's Arkansas employees as an offset against the 2.5% direct written tax on life and or accident and health insurance. The offset may not reduce tax due on accident & health premiums by more than 80%: or due on life premiums by more than 70%. The employee must be a non-commissioned hire and have been employed 6 months in Arkansas for the wages to qualify.

The Company reports as follows:

1. Number of non-commissioned Arkansas employees employed for a minimum of six (6) months as of the last day of the calendar year to which this report applies: _____
2. Amount of non-commissioned salaries and wages paid to individuals listed in item 1 above: _____.
3. Attach complete addresses of Company's Arkansas offices, which are staffed with individuals listed in Item 1. Attach as many additional sheets as necessary.

AFFIDAVIT

State of _____ County of _____

Comes _____ and states on oath that he/she is the

_____ of _____
(Title) (Name of Company)

and that the foregoing statements are true and correct as shown by the records of said Company.

(ORIGINAL SIGNATURE OF OFFICER)

Subscribed and sworn to or affirmed before me, the undersigned Notary Public, on this the _____ day of _____, 20____

NOTARY PUBLIC

My Commission Expires _____